

Opening Statement for Rep. Joe Pitts
Energy and Commerce Subcommittee on Health
Markup on H.R. 1683, the State Flexibility Act (MOE)
(Remarks Prepared for Delivery)

In March of this year, the full committee held a hearing on “The Consequences of Obamacare: Impact on Medicaid and State Health Reform,” and the Health Subcommittee held a field hearing in Harrisburg titled “PPACA in Pennsylvania: One Year of Broken Promises.”

Again and again, we heard from governors who spoke about how broken the Medicaid program is in their respective states, how it is eating up an ever-increasing portion of their state budgets, and, more than anything else, we heard how states want to have the flexibility to tailor their Medicaid programs to the needs of their individual states and citizens.

And we heard how they do *not* want a one-size-fits-all federal framework imposed on them that prevents commonsense reforms.

The bill before us today, H.R. 1683, the State Flexibility Act, addresses one way that states are prevented from adapting their Medicaid programs to fit their needs – Maintenance of Effort (MOE) requirements.

Both the 2009 American Recovery and Reinvestment Act (the “stimulus” bill) and PPACA contain Maintenance of Effort provisions, which require states to maintain their Medicaid programs with the same eligibility standards, methodologies, and procedures or risk losing all of the state’s federal Medicaid matching funds.

H.R. 1683 would simply repeal these MOE requirements and allow states, most of which are facing unprecedented budget crises, to make commonsense reforms, including eliminating waste, fraud, and abuse, in order to balance their budgets and save their Medicaid programs.

Currently, on average, Medicaid takes up approximately 25 percent of state budgets – a figure that is sure to rise as 25 million more Americans are made eligible under the PPACA expansion.

With MOE requirements in place, in order to keep their Medicaid programs from taking over the state budget, states are having to cut Medicaid benefits that are not

federally required, reduce provider reimbursement rates (already dismally low), or raise taxes on providers.

None of these are good options, not for patients and not for those who treat them.

If we do not repeal these MOE requirements, Medicaid programs will continue to eat up funding that used to be allocated for education, highways, parks, law enforcement, and every other function of state government.

In my home state of Pennsylvania, the Medicaid program currently takes up 30 percent of the entire state budget. By the time PPACA's Medicaid expansion is fully phased in, that will rise to 60 percent.

That's simply unsustainable.

I commend my friends Dr. Gingrey and Rep. McMorris Rodgers for introducing H.R. 1683, and I urge my colleagues to favorably report the bill out of the subcommittee.